



News Release

Pat Quinn, Governor

Jay Rowell, Director

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New Law Prompts \$7.3 Million from Businesses Late on Taxes that Fund Unemployment Benefits

CHICAGO – More than \$7.3 million has been collected from 23 businesses because the state now can hold individuals personally liable for purposefully not paying the full amount of the payroll tax that funds unemployment insurance benefits, the Illinois Department of Employment Security (IDES) said today.

Holding individuals personally liable was part of reforms by Gov. Pat Quinn and overwhelmingly approved with bi-partisan support to fight waste, fraud and abuse in the state's unemployment insurance program.

"The days of gaming the system are over. Every dollar that does not go into the Trust Fund because someone looked the other way hurts every business owner and worker in our state," IDES Director Jay Rowell said. "While it's rewarding that more businesses are taking note of the harsher consequences and paying what they owe, this should put every business owner on notice that skirting the law is not worth the consequences."

Compliance is 27 percent above levels prior to the 2011 legislation. The increase stems from the ability to hold individuals personally liable for the amount of the business' tax liability, plus penalty and interest. The \$7.3 million generally represents dollars collected so far in state fiscal year 2013.

Of the businesses that have voluntarily complied: four are in Oak Brook, three in Peoria, two in Hoffman Estates, and one each in Bedford Park, Chicago, Decatur, Franklin Park, Loves Park, Melrose Park, Morton, Oak Forest, Williamsville and Wilmington. Four companies are outside Illinois: Inglewood Calif., Louisville, Ky., Raleigh, N.C. and Plano, Texas.

Unemployment benefits are funded through a payroll tax. Several factors are considered in setting the annual contribution level, including the amount of money in the Trust Fund. The more money in the Trust Fund, the lower the payroll tax. Unemployment insurance is a temporary program designed to help individuals and their neighboring businesses. These dollars are spent for essentials at local groceries, gas stations and clothing stores. Every \$1 in unemployment insurance benefits generates about \$1.63 in economic activity.

In the 21 months since the Governor's appointment of Rowell and his overwhelming bi-partisan Senate confirmation, anti-fraud and Trust Fund integrity initiatives include garnishing federal tax refunds of unemployment cheats; checking unemployment rolls against prison logs; strengthening the anti-fraud unit with attorneys from the Attorney General's office; creating monthly reporting requirements to quickly identify fraud; and holding business officials personally liable for knowingly misstating their company's obligations. The programs will save taxpayers more than \$145 million.

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